

K mart has coined their centers as the Distribution Center Network, which services K marts, Kresges, and Jupiters. There are other DC's which include specialty-type distribution centers, servicing the apparel division and run by K mart Apparel; a footwear distribution network, which services Melvilleco; a network to distribute major appliances; and smaller localized distribution points, which handle seasonal merchandise. For this issue, we will give an outline of the operation of a general merchandise distribution center.

#### **Fort Wayne**

Fort Wayne Distribution, the smallest in floor space and located in Fort Wayne, Indiana, is where the main computer center is stationed that handles all orders and reorders, keeping the DC's stocked with items the stores need. Just this year, for economical reasons, Fort Wayne converted its distribution operations from case and repack to repack only. It is the only DC that ships out security merchandise, such as computers and their software, tapes, watches, gold jewelry and consequently has the highest inventory of all the DC's.

Initially ordering starts with the store, which transmits the message through KIN (K mart Information Network). A buyer at KIH will set up a commitment to purchase an item for a certain length of time. It is then up to the Fort Wayne rebuyer assigned to that department to keep the item in stock each month or as needed, according to the demand from the store(s). Most of the information needed for rebuying an item is provided by the computer, based on past demand, future demand and current trends. These figures or statistics are printed out for the rebuyer on a worksheet, from which he or she makes the final decision as to the amount to buy, using other considerations, such as full truck loads, full pallet loads or any special terms or discounts, based on a quantity purchased at one time.

It is important to note that large quantities, early seasonal buys or merchandise that comes with special advertising allowances, gives K mart the advantage of buying items at a very low cost, throughout the year. Once the merchandise is stored or put in reserve location as the DC's term their storage area, the stores can then buy from their center the exact amount of cases they need of that item and thus keep a lid on

their inventory.

Once the merchandise arrives at the center, it is placed on one of nine conveyors, which merges down to two or three conveyors, passes under a photographic device that reads the bar code label and thus sorts or diverts the case to the proper loading dock. This photographic device will read 120 cases a minute or two cases a second. Turnaround time is normally five days. Says Bogue, "In the first six months of 1983, 92% of all stores got their orders within five days."

#### **Canton—a slick operation**

When you stand underneath the conveyor systems at Canton Distribution Center in Plymouth, Michigan, you're immediately reminded of Chicago's intricate and lengthy loop that encompasses the business district, transporting passengers to and from, nonstop. In K mart's case, it's moving merchandise, at a moderate pace, nonstop, to their final destination, one of 23 loading docks. These conveyor systems are operated by one main computer board, which monitors the traveling routes of all merchandise, as they merge, sort and branch off into their appropriate loading docks. If you've ever operated a toy train and remember the feeling you had while maneuvering that train around bends and through tunnels, this will bring back memories, only now instead of controlling the route of a six foot miniature train, you are watching the movement of three miles of merchandise, traveling at an average speed of 300 feet a minute.

At the loading dock, about 2,000 cases will be packed into a trailer, averaging a 35,000 pound load. Forty-eight stores will receive deliveries twice a week. The re-

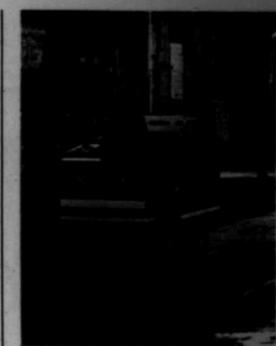
mainder will receive deliveries once a week. Says D. Dickinson, General Manager, "We run by time and thousands of cartons."

Canton is strictly a case pack operation and in January of 1984, their conveyor merge area will change from rollers to a belt system, which will be faster, improving the center's efficiency. Sixty percent of their floor space is used for reserve location (that's almost 26 acres) and soon to be installed will be shelving with built-in sprinkler systems for combustible merchandise.

#### **Morrisville reborn**

The devastating Morrisville fire, which struck the center located in Fairless Hills, Pennsylvania about a year ago, was presumably caused by a ruptured can of carburetor cleaner, which was ignited when the forklift shifted to forward and a spark, emitting from the forklift battery, set off the explosion. In establishing safety guidelines for storing combustible merchandise, shelving with built-in sprinkler systems will house combustible merchandise and this area will be marked off as a hazardous area in all DC's.

The new Morrisville, which is projected to be finished by May or June of 1984, has doubled its size, from 1.2 million square feet to 2.1 million square feet, but will still service the same geographic area of stores. The increase in size was planned for Morrisville to become the East Port facility in addition to operating as a distribution center. K mart uses what is called a port that allows imported merchandise to enter the states. Currently we use three ports, which cover import entries from China, Japan and Taiwan. They are: Port of Newark on the East coast; Port of Savannah in the South, and Port



Judy Lord at Canton, keeping the floor area below the conveyors free from dust and cardboard shavings.

of Long Beach in the West. With the available space, Morrisville will be set up to run imported merchandise through their operation and forward it directly to one of the inland distribution centers, as well as the 570 K mart stores in the eastern region. In fact, this increase in size will make Morrisville the biggest of the DC's, pushing Atlanta DC (CA) into the No. 2 spot, followed by Sparks (NV); Corsicana (TX); Shakopee (MN); Ontario (CA); Canton (MI); Warren (OH); Lawrence (KS); and last but not least, Fort Wayne (IN).

All the new features that have evolved since the first Morrisville DC was built will be installed in the new one, features like high speed conveyor systems, more accurate camera systems, double deck repack picking modules, instead of single decks. Eventually all DC's will at some point in time undergo installation of updated equipment to improve the necessary efficiency of their center. The big question for many, however, is will we build any more DC's in the near future? "No," states Bogue. "We have enough until at least 1995."



Freight at Canton DC as it approaches the sort area.